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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2011-12

(session year)

Senate

(Assembly, Senate or Joint)

Committee on Insurance and Housing...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (ar = Assembly Resolution) (ajr = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (sr = Senate Resolution) (sjr = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Senate

Record of Committee Proceedings

Committee on Insurance and Housing

Senate Bill 7

Relating to: automobile insurance coverage limits, permissible policy provisions, and proof of financial responsibility.

By Senators Lasee, Lazich, Taylor, Schultz, Darling, Hopper, Wanggaard, Galloway, Kapanke, Leibham, Grothman, Harsdorf, Kedzie, Vinehout and Moulton; cosponsored by Representatives Nygren, Petersen, Steineke, Klenke, Knilans, Krug, Petryk, Rivard, Endsley, Tranel, Marklein, Severson, Wynn, Bernier, Tiffany, Jacque, Weininger, Knudson, T. Larson, Kooyenga, Farrow, Kuglitsch, Litjens, August, Kapenga, Thiesfeldt, Williams, Honadel, Ripp, Nerison, J. Fitzgerald, Kramer, Suder, Vos, Knodl, Ballweg, Mursau, Murtha, Kestell, Meyer, Petrowski, Tauchen, Brooks, A. Ott, Bies, Van Roy, Kaufert, Stone, Kerkman, LeMahieu, Strachota, Kleefisch, Nass, Spanbauer, Pridemore, Ziegelbauer and Fields.

January 14, 2011 Referred to Committee on Insurance and Housing.

January 19, 2011 **PUBLIC HEARING HELD**

Present: (7) Senators Lasee, Schultz, Olsen, Wanggaard,
 Carpenter, S. Coggs and C. Larson.
Absent: (0) None.
Excused: (0) None.

Appearances For

- Charles Stern — Wisconsin Mutual Insurance Co.
- Rollin Krafft — West Bend Mutual Ins.
- Tom Ellefson — American Family Ins.
- Robert Passmore — Property Casualty Insurers Association of America
- David Dunker — Independent Ins. Agents of WI
- John Wickhem — Independent Ins. Agents of WI
- Michael Froh — Burkart-Heisdorf/Independent Ins. Agents of WI
- Misha Lee — Sentry Insurance
- Jefferson Senior — Sentry Insurance
- Andy Franken — Wisconsin Insurance Alliance

Appearances Against

- Robert Kraig — Citizen Action Wisconsin
- David Dwyer — ABATE of Wisconsin

- Dan Plumb — Self/Carroll Plumb
- Jason Abraham — Hupey/Abraham
- Valerix Khomenkov — Self
- Eric Knobloch — Valerix Khomenkov
- Michael Hupy — Hupy/Abraham
- Ann Jacobs — Wisc. Assoc. for Justice
- Ed Vopal — Wisc. Assoc. for Justice
- Lynn LanFenberg — Wisc. Assoc. for Justice
- David Charlebois — ABATE of Wisconsin

Appearances for Information Only

- None.

Registrations For

- Ron VonHaden — Self/Professional Insurance Agents of Wisc.
- Dexter Sattler — Self/PIA
- Bill Smith — NFIB/Wis
- Alan Breitenfeldt — Self/PIAA of Wis
- Bart Straka — Self/PIA
- Lena Taylor — Senator, 4th Senate District
- Robin Vos — Representative, 63rd Assembly District
- Tracy Oestreich — Self/PIAW
- Mary Czaja — Self/PIAW
- Gordon Miller — Self/PIAAW
- Jeff Glass — PIAAW
- Erik Anderson — Self/PIAAW
- Patrick MacGillis — Self/PIAW
- Dennis Kuhnke — Self/PIAW
- Michael Moore — Self/PIAW
- Brad Steinbach — Self/PIAW
- Donald Schultz — American Family Insurance
- Brian Mitchell — Wisconsin Car Rental Alliance
- Mark Wadum — Outagamie County
- Amy Boyer — Enterprise Rent A Car
- Monica Batiza — American Family Insurance
- David Callender — Wisconsin Counties Association

Registrations Against

- Anthony Sanfelipo — ABATE of Wisconsin
- Paul Vita — ABATE of Wisconsin

Registrations for Information Only

- None.

January 27, 2011

EXECUTIVE SESSION HELD

Present: (7) Senators Lasee, Schultz, Olsen, Wanggaard,
Carpenter, S. Coggs and C. Larson.

Absent: (0) None.

Excused: (0) None.

February 2, 2011

EXECUTIVE SESSION HELD

Present: (6) Senators Lasee, Schultz, Olsen, Wanggaard, S.
Coggs and C. Larson.

Absent: (1) Senator Carpenter.

Excused: (0) None.

Moved by Senator Lasee that **Senate Amendment 1** be
recommended for introduction.

Ayes: (6) Senators Lasee, Schultz, Olsen, Wanggaard,
S. Coggs and C. Larson.

Noes: (0) None.

Absent: (1) Senator Carpenter.

INTRODUCTION OF SENATE AMENDMENT 1
RECOMMENDED, Ayes 6, Noes 0

Moved by Senator Lasee that **Senate Amendment 2** be
recommended for introduction.

Ayes: (6) Senators Lasee, Schultz, Olsen, Wanggaard,
S. Coggs and C. Larson.

Noes: (0) None.

Absent: (1) Senator Carpenter.

INTRODUCTION OF SENATE AMENDMENT 2
RECOMMENDED, Ayes 6, Noes 0

Moved by Senator Schultz, seconded by Senator Olsen that **Senate
Amendment 1** be recommended for adoption.

Ayes: (5) Senators Lasee, Schultz, Olsen, Wanggaard
and C. Larson.

Noes: (1) Senator S. Coggs.

Absent: (1) Senator Carpenter.

ADOPTION OF SENATE AMENDMENT 1 RECOMMENDED,
Ayes 5, Noes 1

Moved by Senator Schultz, seconded by Senator Olsen that **Senate Amendment 2** be recommended for adoption.

Ayes: (4) Senators Lasee, Schultz, Olsen and Wanggaard.

Noes: (2) Senators S. Coggs and C. Larson.

Absent: (1) Senator Carpenter.

ADOPTION OF SENATE AMENDMENT 2 RECOMMENDED,
Ayes 4, Noes 2

Moved by Senator Schultz, seconded by Senator Olsen that **Senate Bill 7** be recommended for passage as amended.

Ayes: (4) Senators Lasee, Schultz, Olsen and Wanggaard.

Noes: (2) Senators S. Coggs and C. Larson.

Absent: (1) Senator Carpenter.

PASSAGE AS AMENDED RECOMMENDED, Ayes 4, Noes 2

Jon Kruse
Committee Clerk



SA 1
A 0321 Does the following:

- Removes minimum underinsured (UIM) levels, removing the requirement that this coverage be purchased.
- Requires written notice to purchaser that UIM is available.
- No requirement that purchaser decline in writing; lack of premium payment sufficient.
- If UIM is accepted, minimum coverage 50/100.
- Retains requirement for UM, but lowers minimum levels to 25/50.
- Fundamentally returns to pre- 2009 Act 28 levels.

SA 2
A 0374 Does the following:

- Removes the definition of "underinsured motor vehicle".
- This term was undefined prior to the budget bill, then was defined in the budget bill as a car that did not have enough coverage to pay damages.
- SB7 initially defined this term as a vehicle that does not have coverage with limits at least as high as your UIM limits. This was how most insurance contracts defined it prior to the budget.

→ STATE FARM 15% —
NO Reducing Clause.
— High risk #



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2011 Assembly Bill 4

**Assembly
Amendments 1 and 7**

Memo published: January 28, 2011

Contact: Margit Kelley, Staff Attorney (266-9280)

2011 Assembly Bill 4

Assembly Bill 4 maintains the requirement under current law that every motor vehicle operated in Wisconsin be covered by an insurance policy, but reduces the minimum limits for mandatory liability coverage, uninsured and underinsured coverage, and medical payments coverage. The bill allows an insurance policy to include anti-stacking clauses for any coverage provided in the policy, and to include reducing clauses for uninsured and underinsured coverage provided in the policy.

The bill largely returns the laws on financial responsibility for motor vehicles to the status of those laws prior to being revised by 2009 Wisconsin Act 28. However, the bill revises, but does not completely repeal, provisions regarding underinsured motorist coverage.

Assembly Amendment 1 returns the treatment of underinsured motorist coverage limits to the status of that law prior to being revised by 2009 Wisconsin Act 28, including the following provisions:

- Underinsured motorist coverage is not required in an insurance policy.
- If underinsured motorist coverage is not included in the policy, a written notice of its availability must be provided to the insured. The notice is required only one time, in conjunction with the delivery of the policy.
- Rejection or acceptance of the underinsured motorist coverage does not need to be in writing. No premiums paid for underinsured motorist coverage is proof of rejection of the coverage.
- If an insured does accept underinsured motorist coverage, the coverage limits must be at least \$50,000 per person and \$100,000 per accident.

Assembly Amendment 7 returns the definition of underinsured motorist coverage to the status of that law prior to being revised by 2009 Wisconsin Act 28. The amendment leaves that term undefined in the statutes, to be defined by each individual insurance policy, as it was prior to 2009 Wisconsin Act 28.

Companion Bill

This bill contains the same provisions as 2011 Senate Bill 7, which received a public hearing on January 19, 2011. No amendments have been introduced for the Senate bill.

Legislative History

Assembly Amendment 1 was offered by Representative Kapenga on January 25, 2011. On January 27, 2011, the Assembly Committee on Insurance recommended adoption of the amendment on a vote of Ayes, 8; Noes, 5.

Assembly Amendment 7 was offered by the Assembly Committee on Insurance on January 27, 2011. On the same date, the committee recommended adoption of the amendment on a vote of Ayes, 8; Noes, 5.

On January 27, 2011, the Assembly Committee on Insurance recommended passage of the bill, as amended, on a vote of Ayes, 10; Noes, 3.

MSK:ty





Wisconsin Insurance Alliance

Consumer Choice in Auto Insurance Act: Impact on Consumers in Wisconsin

- Relieves 1 in 5 Wisconsin families who were forced to pay as much as 33% more for auto insurance.
- Eliminates regressive costs that fall most heavily on low and middle income families.
- Returns Wisconsin to the framework which led to the 3rd lowest cost auto insurance state.
- Decreases the number of uninsured motorists by making insurance more affordable to low and middle income families.
- Removes Wisconsin as the state with the highest mandatory limits in the nation. (Tied with Alaska and Maine for BI/Highest in Nation for UM/UIM).
- Wisconsin's previous 25/50/10 limits were sufficient to cover over 90% of all auto claims.

Removes Regressive Mandate on Low-and Middle-Income Families:

- Responsible low and middle income families paying the previous minimum auto insurance levels are seeing their costs rise as much as 33%. High income families who previously chose higher coverage levels are less affected but are still seeing premium increases due to other provisions of Act 28.
- Families are paying between \$96 and \$309 more for insurance with the largest dollar increase falling on families in the Milwaukee area.
- Rural families, especially in western Wisconsin, have the highest percentage increase in their premiums.
- Low and middle income families bear a disproportionate share of the current economic crisis in terms of plant closings, layoffs and home foreclosures. This bill will provide some economic relief to those hardest hit by the cost increase.

Decreases Costs through Removal of Unnecessary Requirements:

- Removes mandated "stacked" insurance policies – This provision mandated that families pay extra to allow coverage limits for up to three vehicles not involved in an accident to be "stacked" on the insurance for the vehicle in an accident. The bill removes this provision.

- The bill allows reducing clauses – What the consumer is buying and the insurance company is selling is a guarantee that the consumer will have the selected amount of money should he/she need it because of an uninsured or underinsured driver.

Major Auto Insurance Provisions in State Budget

Allow Choice and Affordability in Auto Insurance for WI Families. Many Wisconsin families are already struggling to make ends meet. Act 28 forced these families to purchase higher levels of insurance. Minimum levels of insurance rose from 25/50/10 (\$25,000 each person, \$50,000 each accident, \$10,000 property damage each accident) to 50/100/15. Medical payment coverage increased ten-fold. Because most consumers with the minimum level of insurance are those least able to pay higher premiums, the highest increases fall on the poor and unemployed.

- **The Cost** - The mandated increased limit by itself would increase insurance premiums for many families with minimum insurance levels with some paying hundreds of dollars more. The impact is greatest on low income families in the Milwaukee area.
- **The “Need”** - According to the Insurance Research Council, 96 percent of all bodily injury claims are \$15,300 or less. This is well below Wisconsin’s previous minimum of \$25,000. The average property damage claim in Wisconsin is \$2,500, well below the previous minimum coverage of \$10,000.
- **The Nation** - Wisconsin’s previous mandatory minimum coverage is higher than minimums in all but four states.

Removes Mandates That Families Pay for “Stacked” Insurance Policies - Wisconsin law previously encouraged separate insurance coverage for each vehicle. Families chose the level of coverage they wanted and could afford on each vehicle they own. Act 28 mandated that coverage limits from family vehicles not involved in an accident be “stacked” for up to three vehicles on the coverage limit for the vehicle in an accident. It effectively doubled or tripled the coverage on each of the vehicles, again forcing families to pay for more coverage they may not need, want nor can afford to purchase

- **The Cost** - According to a nationwide comparison of stacking and non-stacking states, this provision increased uninsured and underinsured motorist costs alone by over 38 percent. The resulting cost increase would hit families and small businesses hardest. A single person with one vehicle would not be affected. If you add a minivan for the family or add a second vehicle to grow your business, you automatically have more coverage whether you want it or not and you must pay more whether you can afford it or not.
- **The “Fix”** - Wisconsin consumers can buy the insurance coverages and limits they need and can afford for each vehicle they own. This provision lowers expenses when families can least afford it by eliminating unnecessary coverage levels for families who own more than one vehicle.
- **The Nation** - This new law restores to consumers their right to choose the levels of coverage they need for each vehicle.

Expand “Underinsured Motor Vehicle” Definition - The previous definition of “underinsured motor vehicle” (UIM) used in most auto insurance policies compared the at-fault driver’s liability coverage limit to the insured’s underinsured motorist coverage limit. This comparison makes sense because the purpose of underinsured motorist coverage is to give the insured peace of mind that he/she will always be covered up to the amount he/she chooses. If the at-fault driver’s liability coverage is lower than the insured’s underinsured motorist coverage limit, then the at-fault driver is underinsured and the insured’s underinsured motorist coverage is triggered. Mandating that the underinsured motor vehicle definition compare liability limits to the insured’s damages vastly increases the number of underinsured motorist claims, creating an atmosphere of perpetual litigation in the determination of damages, and increased rates.

- **The Cost** - Increased number of claims and claim costs through litigation causes increased costs for families.
- **The “Fix”** - Families again can choose their underinsured motorist limits. If they want and can afford to have higher limits, they can purchase higher limits. Under the bill, they have the choice to control their own insurance protection and the cost of that protection.
- **The Nation** - States that use the “damages” definition have substantially higher costs for underinsured motorist. Combined with the other provisions of this bill, this brings Wisconsin into the mainstream of insurance regulations.

Other Provisions of the Bill - In addition to the above, the bill contains provisions that allow for more consumer choice and decreases costs to families:

- **Allows Reducing Clauses** – When consumers purchase underinsured motorist coverage, they select an amount of coverage they think will be sufficient to cover them in an accident if the other driver does not have enough insurance. What the consumer is buying and the insurance company is selling is a guarantee that the consumer will have the selected amount of money should the consumer need it. The amount of underinsured motorist coverage purchased is therefore “reduced” by the amount of coverage the “at fault” driver has on his or her car. The proposal underinsured motorist provisions not only provide consumer choice but are cost effective as well.



Wisconsin Insurance Alliance

2011 CONSUMER AUTO INSURANCE CHOICE ACT

COVERAGE	ACT 28 STATE BUDGET	2011 CONSUMER CHOICE IN AUTO INSURANCE
Bodily Injury*	50/100/15	25/50/10
UM (uninsured)*	100/300	25/50
UIM (underinsured)*	100/300 (mandatory) ?	50/100 (mandatory)
Stacking	Allow up to 3 cars Require	No stacking Allow? not require.
UIM definition	Damages ?	Limits ?
Med Pay	\$10,000 optional	\$1,000 optional good.
Reducing Clause	Prohibit	Allow ?

*Each number represents a dollar amount in thousands, i.e., \$25,000/\$50,000/\$10,000. First amount is maximum paid to anyone injured person, second amount is maximum paid to all injured persons in a single accident, third number is maximum paid for damage to property.

What do other states
umbrella policies - change?

Consistent
Folly Inform.
initial
IF not.



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 President

Rick Parks
 Chairperson
 Society Insurance

Monica Groves Batiza
 Secretary/Treasurer
 American Family Insurance

Sham Study No Comfort to Wisconsinites Paying Higher Auto Insurance Premiums Citizen Action Tries to Mislead Public

Members:

ACUITY
 American Family Insurance
 Ameriprise Auto & Home Ins
 Badger Mutual Insurance Co
 Capitol Indemnity Corp
 Church Mutual Insurance
 1st Auto & Casualty Insurance Co
 Forward Mutual
 Germantown Mutual Insurance
 Homestead Mutual Insurance Co
 Integrity Mutual Insurance
 Jewelers Mutual Insurance
 League of Wisconsin Municipalities
 Mutual Insurance
 Liberty Mutual Group
 Manitowoc Mutual Insurance
 Maple Valley Mutual Insurance
 Mount Morris Mutual
 Old Republic Surety Co
 Partners Mutual Insurance Co
 ProAssurance
 Progressive Group of Insurance Cos
 QBE Regional/General Casualty
 Racine County Mutual Insurance Co
 Rural Mutual Insurance Co
 SECURA Insurance
 Sentry Insurance
 Sheboygan Falls Insurance
 Society Insurance
 State Auto Insurance Cos
 Sugar Creek Mutual Insurance Co
 United Wisconsin Insurance Co
 Waukesha Cty Mutual Insurance
 WEA Property & Casualty Co
 West Bend Mutual Insurance
 Wilson Mutual Insurance
 Wisc American Mutual Insurance Co
 Wisc Assn of Mutual Insurance Cos
 Wisc County Mutual Insurance Co
 Wisc Mutual Insurance Co
 Wisc Reinsurance Corp

Associate Members:

ACE Group
 A I G
 Allied Insurance
 Allstate Insurance
 Auto Club Insurance Assn
 C N A
 CUNA Mutual Group
 EMPLOYERS Holding, Inc
 Farmers Insurance
 General Reinsurance
 Kemper Auto & Home
 Nationwide Indemnity
 S F M
 State Farm Insurance
 Travelers
 USAA
 Western National Mutual Ins Co

1. **Slight of Hand** – In the space of two sentences, Citizen Action switches from discussing insurance premiums to rates. The study confuses rate increases with premium increases, perhaps intentionally. Premiums are the amount a policyholder pays on the insurance bill. Rates are the amount charged for a given level of insurance. While the state mandates passed in the budget will likely increase rates in the long run, the major impact is to force drivers to buy more insurance which increases their insurance bill (or premium). Put another way, when that customer writes the next check to their auto insurer, they will write a bigger number on it.
 - *Example: Let's say you can only afford the minimum level of insurance protection (25,000/50,000/15,000) and the state doubles the minimum to 50,000/100,000/20,000. The RATE charged for 50,000/100,000/20,000 won't be higher. But your auto insurance PREMIUM (your bill) will definitely rise because the state is mandating you buy more insurance.*
 - *The study says that auto insurers are not filing for substantially higher rates, therefore premiums will not rise. Wisconsin insurers have not predicted that rates will increase. **They have predicted that premiums will increase.** The Wisconsin law mandates higher minimum limits so anyone whose coverage ratchets up from the old minimum limits will see his/her premiums rise.*
 - *The Citizen Action report grossly distorts the financial position of property/casualty insurers. According to the Wisconsin Office of the Commissioner Insurance's annual report, Wisconsin-based property-casualty insurers posted a net loss of \$1.1 billion from all operations in 2009.*
 - *Auto insurance profits in Wisconsin have been on the decline in recent years and are somewhat below that of the U.S.*

2. **Ignores Impact on the Poor** – Citizen Action cut out the part of the WIA analysis that showed the largest premium increases for those who can least afford it. The largest impact is on the 20-25% of policyholders who can only afford to buy the minimum level of insurance. During the worst recession since the Great Depression, the state is mandating low and middle income families to buy about twice as much insurance.
 - *If you were among the 20-25% of Wisconsinites with auto insurance who struggle to pay for the minimum level of insurance, you are paying more for your insurance...a lot more.*

- *Experience in other states shows raising insurance premiums for those least able to pay will increase the number of uninsured motorists, despite mandating auto insurance.*
 - *When the state mandates higher insurance costs on the poor during a recession, many of those forced to pay the largest increase are unemployed workers.*
3. **Removed Consumer Choice and Increased Costs** - The Legislature removed consumer choice of coverage and coverage levels by mandating the highest minimums in the country. The increased auto insurance costs mandated in the budget have not all kicked-in, yet. These mandates will likely increase insurance costs for years to come.
- *Ignores Governor Doyle's Own Veto Caution – The Doyle veto reduced the increase in cost of the mandate passed by the Legislature. The Governor's veto message recognizes the magnitude of the premium increases. He justifies vetoing some of the proposed increased mandate by stating, "However, with the implementation of this mandate, it is more essential than ever to ensure that insurance premiums remain affordable for all drivers required to purchase coverage."*



Wisconsin Insurance Alliance

1. **Stacking:** Wis. Stat. secs. 632.32(6)(d), 632.32(6)(e) and 632.32(6)(f). The three stacking provisions include stacking of UM/UIM while using a motor vehicle, stacking of UM/UIM while not using a motor vehicle and stacking of med pay while not using a motor vehicle. All are limited to three vehicles. The bill repeals stacking in its entirety.
2. **UM/UIM Limits:** Wis. Stat. secs. 632.32(4)(a)1 and 2m. Under Act 28, uninsured motorists and underinsured motorists limits are set at a minimum of \$100,000/\$300,000. This bill returns the UM/UIM limits to 25/50 and 50/100 respectively.
3. **Underinsured Motor Vehicle Definition:** Wis. Stat. secs. 632.32(2)(e). The Act 28 definitions compared the at-fault driver's liability limit to the insured's damages to determine whether the insured was underinsured rather than the traditional comparison of the at-fault driver's liability limit to the insured's UIM coverage limit. The bill restores the limit to limit test for UIM coverage.
4. **UM/UIM Offer for Umbrella/Excess Policies:** Wis. Stat. 632.32(4r). The bill repeals this required offer.
5. **Med Pay Limit:** Wis. Stat. sec. 632.32(4)(a)3m. The limit for med pay went from \$1,000 to \$10,000, while still leaving the coverage optional, which makes no sense. If the coverage is optional, consumers should be permitted to buy whatever amount they wish and the insurer is willing to offer. The bill returns to the \$1000 minimum limit.
6. **Prohibited Bases for Assessing Risk:** Wis. Stat. sec. 632.355. The purpose of this provision was to impose a temporary prohibition on using lack of previous coverage as an underwriting factor while those who have been uninsured secured insurance to comply with the mandatory insurance law. On a go forward basis this provision is eliminated.
7. **Reducing:** Wis. Stat. sec. 632.32(6)(g). The bill reinstates the reducing clause.
8. **Indexing:** Wis. Stat. sec. 344.11. This provision requires a five-year indexing of liability limits to the consumer price index. This provision could result in some strange liability limits. This bill eliminates this provision.
9. **Uninsured Motor Vehicle Definition:** Wis. Stat. sec. 632.32(2)(g). The definition of uninsured motor vehicle included a phantom motor vehicle that causes an accident without a hit as long as it is corroborated by an independent third party. This bill provides further clarification to the definition of phantom vehicle statutes.

Consumer Choice for Wisconsin Drivers



- **The auto insurance provisions passed in the 2009 budget have reduced consumer choice and affordability for Wisconsin drivers.**
 - These provisions forced many of Wisconsin's lowest income families to double their auto liability coverage during a severe recession.
 - Created the highest minimum levels in the United States for Uninsured and Underinsured Motorist coverage at \$100,000 per person, \$300,000 per accident.
 - Created the highest minimum level for bodily injury coverage in the United States at \$50,000 per person and \$100,000 per accident. Only two other states have minimums this costly.
 - The minimum limit for Medical Payments coverage was increased to \$10,000.
 - These impacts were magnified by other costly policy changes.
- **Who has seen the most serious impact from these increased insurance requirements?**
 - The burden of these requirements has impacted lower income families more than other groups. Families that struggle to keep insurance are much more likely to purchase minimum levels of insurance.
 - Forcing these struggling families to double their coverage level when they are struggling to keep their jobs and pay their bills has caused great hardships.
 - Most Wisconsin workers need a car to be able to work. These costly requirements have created a barrier between low income workers and jobs.
- **What have been the effects of these reduced choices?**
 - Wisconsin drivers have lost the ability to choose the level of coverage that best suits their needs.
 - Auto insurance premiums have increased for many Wisconsin families.
 - Low income families are left with the choice of paying higher premiums or driving without insurance

- **What could this do to the number of uninsured drivers in Wisconsin?**
 - The high unemployment and economic stress drive the rate of uninsured motorists higher even without higher premiums.
 - Historically, the percentage of uninsured drivers has tracked with the unemployment rate. Since 2004, the percentage of uninsured drivers has been about 8 percent higher than the unemployment rate.
 - High unemployment (over 7%) is likely to result in higher numbers of uninsured motorists.
 - Premium increases that hit lower income families hardest are expected to increase the rate of uninsured motorists even more
- **How can choice be restored for Wisconsin drivers?**
 - Return Wisconsin's Financial Responsibility requirements to the mainstream of states.¹
 - Allow Wisconsin drivers to choose the level of coverage based on their needs.
- **Change the provisions of Act 28 that put pressure on premiums. For example:**
 - Eliminate mandatory stacking of Uninsured Motorist and Underinsured Motorist policy limits.
 - Eliminates requirement for automatic premium increases.

¹ Forty-six states, or 90% of all states, have Financial Responsibility limits of \$25,000.00 per person, \$50,000 per accident or low.





2011 SENATE BILL 7

January 14, 2011 - Introduced by Senators LASEE, LAZICH, TAYLOR, SCHULTZ, DARLING, HOPPER, WANGGAARD, GALLOWAY, KAPANKE, LEIBHAM, GROTHMAN, HARSDFORF, KEDZIE, VINEHOUT and MOULTON, cosponsored by Representatives NYGREN, PETERSEN, STEINEKE, KLENKE, KNILANS, KRUG, PETRYK, RIVARD, ENDSLEY, TRANEL, MARKLEIN, SEVERSON, WYNN, BERNIER, TIFFANY, JACQUE, WEININGER, KNUDSON, T. LARSON, KOOYENGA, FARROW, KUGLITSCH, LITJENS, AUGUST, KAPENGA, THIESFELDT, WILLIAMS, HONADEL, RIPP, NERISON, J. FITZGERALD, KRAMER, SUDER, VOS, KNODL, BALLWEG, MURSAU, MURTHA, KESTELL, MEYER, PETROWSKI, TAUCHEN, BROOKS, A. OTT, BIES, VAN ROY, KAUFERT, STONE, KERKMAN, LEMAHIEU, STRACHOTA, KLEEFISCH, NASS, SPANBAUER, PRIDEMORE, ZIEGELBAUER and FIELDS. Referred to Committee on Insurance and Housing.

1 AN ACT *to repeal* 227.01 (13) (zz), 344.01 (2) (am), 344.11, 632.32 (4r), 632.32 (6)
2 (f) and 632.355; *to renumber and amend* 344.33 (2), 632.32 (6) (d), 632.32 (6)
3 (e) and 632.32 (6) (g); *to consolidate, renumber and amend* 344.15 (1)
4 (intro.), (a) and (b); *to amend* 121.555 (2) (a), 344.01 (2) (d), 344.55 (1) (intro.),
5 631.43 (3), 632.32 (2) (e) 3., 632.32 (2) (g) (intro.), 632.32 (4) (a) 1., 632.32 (4) (a)
6 2m., 632.32 (4) (a) 3m. and 632.32 (4) (d); *to repeal and recreate* 632.32 (2)
7 (g) 2.; and *to create* 344.33 (2) (a), 344.33 (2) (b), 344.33 (2) (c), 632.32 (2) (ac)
8 and 632.32 (2) (bh) of the statutes; **relating to:** automobile insurance coverage
9 limits, permissible policy provisions, and proof of financial responsibility.

Analysis by the Legislative Reference Bureau

Proof of financial responsibility

Under former law, prior to 2009 Wisconsin Act 28 (the biennial budget act), motor vehicles operated in this state were not required to be covered by policies of bodily injury and property damage liability insurance, but owners and operators of motor vehicles involved in accidents were subject to certain financial responsibility requirements. The biennial budget act retained and modified these financial responsibility requirements following a motor vehicle accident while also requiring insurance coverage for motor vehicles operated in this state.

SENATE BILL 7

Under current law, if a motor vehicle accident results in injury, death, or property damage of \$1,000 or more, the Department of Transportation (DOT) is required to notify the operator and owner of the vehicle involved in the accident that the person must deposit with DOT security for the accident in an amount specified by DOT, which DOT has determined is sufficient to satisfy any judgment for damages resulting from the accident. Unless an exception applies, if a person fails to timely deposit security after this notice, DOT must suspend the person's operating privilege if the person was the vehicle operator and suspend all vehicle registrations of the person if the person was the vehicle owner. One of the exceptions is that the person provides proof of financial responsibility. In addition, if DOT receives a certified copy of a judgment for damages of \$500 or more arising out of a motor vehicle accident, DOT must immediately suspend the operating privilege and all registrations of the person against whom the judgment was rendered unless the person can provide proof of financial responsibility. In both situations, proof of financial responsibility includes coverage under a motor vehicle liability insurance policy with the following minimum limits, exclusive of interest and costs, for any single accident:

1. Before January 1, 2010, \$25,000 for bodily injury to or death of one person, \$50,000 for bodily injury to or death of more than one person, and \$10,000 for property damage.

2. From January 1, 2010, to December 31, 2016, \$50,000 for bodily injury to or death of one person, \$100,000 for bodily injury to or death of more than one person, and \$15,000 for property damage.

3. After December 31, 2016, the limits specified in item 2., above, adjusted for inflation and published by DOT.

This bill decreases the minimum limits required under a policy that is acceptable proof of financial responsibility to \$25,000 for bodily injury to or death of one person, \$50,000 for bodily injury to or death of more than one person, and \$10,000 for property damage. The bill also eliminates inflation adjustments for these limits and eliminates statutory language that these limits are determined exclusive of interest and costs.

This bill does not eliminate the provisions of the biennial budget act that, as of June 1, 2010, prohibit a person from operating a motor vehicle in this state unless the owner or operator has a motor vehicle liability insurance policy in effect with respect to the motor vehicle. However, the bill affects these provisions by reducing the required coverage from the minimum limits specified in items 1. to 3., above, to \$25,000 for bodily injury to or death of one person, \$50,000 for bodily injury to or death of more than one person, and \$10,000 for property damage.

Uninsured motorist and medical payments coverages

Before the biennial budget act, all motor vehicle liability insurance policies were required to include uninsured motorist coverage in limits of at least \$25,000 per person and \$50,000 per accident and medical payments coverage in the amount of at least \$1,000 per person, although an insured could reject medical payments coverage. Uninsured motorist coverage provides coverage for persons who are legally entitled to recover damages for bodily injury from owners or operators of motor vehicles that are not insured. Medical payments coverage pays for medical or

SENATE BILL 7

chiropractic services provided to persons who are injured while using the insured motor vehicle. Starting on November 1, 2009, as a result of provisions in the biennial budget act, the minimum limits for uninsured motorist coverage that motor vehicle liability insurance policies must include, except for those written by town mutuals, is \$100,000 per person and \$300,000 per accident and the minimum limits for medical payments coverage that those policies must include is \$10,000. This bill changes the required minimum limits back to \$25,000 per person and \$50,000 per accident for uninsured motorist coverage and back to \$1,000 per person for medical payments coverage.

Underinsured motorist coverage

Before the biennial budget act, motor vehicle liability insurance policies did not have to include underinsured motorist coverage but insurers were required to provide written notice of the availability of that coverage and, if an insured accepted underinsured motorist coverage after receiving notice of its availability, the policy had to include the coverage in limits of at least \$50,000 per person and \$100,000 per accident. Underinsured motorist coverage provides coverage for persons who are legally entitled to recover damages for bodily injury from owners or operators of underinsured motor vehicles. "Underinsured motor vehicle" was not defined in the statutes.

The biennial budget act eliminated the requirement to provide notice of the availability of underinsured motorist coverage and required, starting on November 1, 2009, every motor vehicle liability insurance policy, except for those written by town mutuals, to include that coverage in limits of at least \$100,000 per person and \$300,000 per accident. In addition, current law now defines an underinsured motor vehicle as a motor vehicle that is involved in an accident with an insured and which, at the time of the accident, was covered by a motor vehicle liability insurance policy with liability limits that are less than the amount needed to fully compensate the insured for his or her damages. The bill retains the requirement that underinsured motorist coverage be provided in every motor vehicle liability insurance policy except for those written by town mutuals, and reduces the minimum required limits to \$50,000 per person and \$100,000 per accident. Also, the bill modifies the definition of an underinsured motor vehicle to one with liability limits that are lower than the limits of the insured's underinsured motorist coverage. The effect of this change is that, regardless of the extent of the insured's damages, there is no coverage under the insured's underinsured motorist coverage if the other vehicle involved in the accident has liability limits at least as great as the limits of the insured's underinsured motorist coverage.

Umbrella and excess liability insurance policies

Current law, as a result of provisions in the biennial budget act, requires an insurer, except for a town mutual, that writes umbrella or excess liability policies that cover motor vehicle liability to make a written offer of both uninsured motorist coverage and underinsured motorist coverage whenever application is made for such an umbrella or excess liability policy. An applicant or insured may reject the coverage, but must do so in writing. If an insurer fails to provide a required written offer of uninsured or underinsured motorist coverage and the umbrella or excess

SENATE BILL 7

liability policy does not include the coverage, or coverages, for which an offer was not given, a court must, on the request of the insured, reform the policy to include the coverage or coverages with the same limits as the liability coverage limits under the policy. Current law also excludes umbrella and excess liability policies from the statutory requirements related to the types of coverage that must be provided in a policy that covers motor vehicles and the minimum limits required for those types of coverage (coverage and limits requirements).

The bill restores former law by eliminating the requirement that an insurer writing an umbrella or excess liability policy must make a written offer of uninsured motorist coverage and underinsured motorist coverage and the requirement that a court must reform such a policy to include either coverage. However, the bill retains the current law provision that umbrella and excess liability policies are not subject to the coverage and limits requirements. In addition, the bill also excludes commercial liability policies from the coverage and limits requirements and defines those policies as ones that are intended principally to provide primary coverage for an insured's general liability arising out of its business or other commercial activities but that include coverage for the insured's liability arising out of the ownership, maintenance, or use of a motor vehicle as one component of the policy.

Miscellaneous motor vehicle insurance provisions

Current law, as a result of provisions in the biennial budget act, defines an uninsured motor vehicle as including not only an unidentified motor vehicle involved in a hit-and-run accident with an insured but also an unidentified motor vehicle that is simply involved in an accident with the insured, provided that an independent third party provides evidence in support of the unidentified motor vehicle's involvement in the accident. The bill replaces that part of the definition of an uninsured motor vehicle with a "phantom motor vehicle," which is defined as one that is involved in an accident with the insured, that does not make contact with the insured or a vehicle the insured is occupying at the time of the accident, and for which neither the owner nor the operator can be ascertained. Additionally, the facts of the accident must be corroborated by competent evidence provided by someone other than the insured or any other person who makes an underinsured motorist claim as a result of the accident, the accident must be reported to the police or other authorities within 72 hours, and the insured or his or her legal representative must, within 30 days, file with the insurer a statement under oath that the insured has a cause of action for damages against a person whose identity cannot be ascertained and that sets forth the facts supporting the statement. The bill also excludes a motor vehicle that is owned by a governmental unit from the definition of an uninsured motor vehicle.

Current law, as a result of provisions in the biennial budget act, makes a number of formerly permissible provisions prohibited in a motor vehicle liability insurance policy. The bill restores former law, making the following provisions permissible in a motor vehicle liability insurance policy:

1. Providing that, regardless of the number of policies, persons, or vehicles involved, the limits for any coverage under the policy may not be added to the limits

SENATE BILL 7

for similar coverage applying to other motor vehicles to determine an overall limit of coverage available for a person in any one accident.

2. Providing that the maximum amount of uninsured or underinsured motorist coverage available for bodily injury or death suffered by a person not using a motor vehicle in an accident (such as a pedestrian) is the highest single limit of uninsured or underinsured motorist coverage for any vehicle with respect to which the person is insured at the time of the accident.

3. Providing that the maximum amount of medical payments coverage available for bodily injury or death suffered by a person not using a motor vehicle in an accident is the highest single limit of medical payments coverage for any vehicle with respect to which the person is insured at the time of the accident.

4. Providing that the limits under the policy for uninsured or underinsured motorist coverage for bodily injury or death resulting from an accident shall be reduced by amounts paid or payable by or on behalf of a person or organization that is legally responsible for the bodily injury or death; amounts paid or payable under any worker's compensation law; or amounts paid or payable under any disability benefits laws.

Current law provides that an insurer may not place an applicant for motor vehicle insurance in a high-risk category on the basis that the applicant has not previously had motor vehicle insurance. The bill removes this prohibition.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 121.555 (2) (a) of the statutes is amended to read:

2 121.555 (2) (a) *Insurance.* If the vehicle is owned or leased by a school or a
3 school bus contractor, or is a vehicle authorized under sub. (1) (b), it shall comply with
4 s. 121.53. If the vehicle is transporting 9 or less fewer persons in addition to the
5 operator and is not owned or leased by a school or by a school bus contractor, it shall
6 be insured by a policy providing property damage coverage with a limit of not less
7 than \$10,000 and bodily injury liability coverage with limits, ~~as of the policy's~~
8 ~~effective date, equal to or greater than the minimum liability limits, as defined in s.~~
9 344.01 (2) (am) of not less than \$25,000 for each person, and, subject to the limit for
10 each person, a total limit of not less than \$50,000 for each accident.

11 **SECTION 2.** 227.01 (13) (zz) of the statutes is repealed.

SENATE BILL 7

1 **SECTION 3.** 344.01 (2) (am) of the statutes is repealed.

2 **SECTION 4.** 344.01 (2) (d) of the statutes is amended to read:

3 344.01 (2) (d) “Proof of financial responsibility” or “proof of financial
4 responsibility for the future” means proof of ability to respond in damages for
5 liability on account of accidents occurring subsequent to the effective date of such
6 proof, arising out of the maintenance or use of a motor vehicle, ~~in an the amount, as~~
7 ~~of the date that proof is furnished to the department, equal to or greater than the~~
8 ~~minimum liability limits \$25,000 because of bodily injury to or death of one person~~
9 ~~in any one accident and, subject to that limit for one person, in the amount of \$50,000~~
10 ~~because of bodily injury to or death of 2 or more persons in any one accident and in~~
11 ~~the amount of \$10,000 because of injury to or destruction of property of others in any~~
12 one accident.

13 **SECTION 5.** 344.11 of the statutes is repealed.

14 **SECTION 6.** 344.15 (1) (intro.), (a) and (b) of the statutes are consolidated,
15 renumbered 344.15 (1) and amended to read:

16 344.15 (1) No policy or bond is effective under s. 344.14 unless ~~all of the~~
17 ~~following apply:~~ (a) ~~The policy or bond is issued by an insurer authorized to do an~~
18 ~~automobile liability or surety business in this state, except as provided in sub. (2).~~
19 ~~(b) The limits of liability under the, or unless the policy or bond, as of the date of the~~
20 ~~accident, are equal to or greater than the minimum liability limits is subject, if the~~
21 accident has resulted in bodily injury or death, to a limit of not less than \$25,000
22 because of bodily injury to or death of one person in any one accident and, subject to
23 that limit for one person, to a limit of not less than \$50,000 because of bodily injury
24 to or death of 2 or more persons in any one accident and, if the accident has resulted

SENATE BILL 7

1 in injury to or destruction of property, to a limit of not less than \$10,000 because of
2 injury to or destruction of property of others in any one accident.

3 **SECTION 7.** 344.33 (2) of the statutes is renumbered 344.33 (2) (intro.) and
4 amended to read:

5 344.33 (2) MOTOR VEHICLE LIABILITY POLICY. (intro.) A motor vehicle policy of
6 liability insurance shall insure the person named therein using any motor vehicle
7 with the express or implied permission of the owner, or shall insure any motor vehicle
8 owned by the named insured and any person using such motor vehicle with the
9 express or implied permission of the named insured, against loss from the liability
10 imposed by law for damages arising out of the maintenance or use of the motor
11 vehicle within the United States of America or the Dominion of Canada, subject to
12 the ~~minimum liability~~ following limits with respect to each such motor vehicle.;

13 **SECTION 8.** 344.33 (2) (a) of the statutes is created to read:

14 344.33 (2) (a) Twenty-five thousand dollars because of bodily injury to or death
15 of one person in any one accident.

16 **SECTION 9.** 344.33 (2) (b) of the statutes is created to read:

17 344.33 (2) (b) Subject to the limit under par. (a) for one person, \$50,000 because
18 of bodily injury to or death of 2 or more persons in any one accident.

19 **SECTION 10.** 344.33 (2) (c) of the statutes is created to read:

20 344.33 (2) (c) Ten thousand dollars because of injury to or destruction of
21 property of others in any one accident.

22 **SECTION 11.** 344.55 (1) (intro.) of the statutes is amended to read:

23 344.55 (1) (intro.) No motor vehicle may be used as a human service vehicle
24 unless a policy of bodily injury and property damage liability insurance, issued by
25 an insurer authorized to transact business in this state, is maintained thereon. The

SENATE BILL 7

SECTION 11

1 policy shall provide property damage liability coverage with a limit of not less than
2 \$10,000. The policy also shall provide bodily injury liability coverage with limits, as
3 of the policy's effective date, of at least the minimum liability limits or, if greater, of
4 not less than \$75,000 for each person and, subject to such limit for each person, total
5 limits as follows:

6 **SECTION 12.** 631.43 (3) of the statutes is amended to read:

7 631.43 (3) EXCEPTION. Subsection (1) does not affect the rights of insurers to
8 limit ~~or~~, restrict, reduce, or exclude coverage under s. 632.32 (5) (b) ~~or~~, (c), or (f) to (j).

9 **SECTION 13.** 632.32 (2) (ac) of the statutes is created to read:

10 632.32 (2) (ac) "Commercial liability policy" means any form of liability
11 insurance policy, including a commercial or business package policy or a policy
12 written on farm and agricultural operations, that is intended principally to provide
13 primary coverage for the insured's general liability arising out of its business or other
14 commercial activities, and that includes coverage for the insured's liability arising
15 out of the ownership, maintenance, or use of a motor vehicle as only one component
16 of the policy or as coverage that is only incidental to the principal purpose of the
17 policy. "Commercial liability policy" does not include a worker's compensation policy.

18 **SECTION 14.** 632.32 (2) (bh) of the statutes is created to read:

19 632.32 (2) (bh) "Phantom motor vehicle" means a motor vehicle to which all of
20 the following apply:

21 1. The motor vehicle is involved in an accident with a person who has uninsured
22 motorist coverage.

23 2. In the accident, the motor vehicle makes no physical contact with the insured
24 or with a vehicle the insured is occupying.

SENATE BILL 7

1 3. The identity of neither the operator nor the owner of the motor vehicle can
2 be ascertained.

3 **SECTION 15.** 632.32 (2) (e) 3. of the statutes is amended to read:

4 632.32 (2) (e) 3. The limits under the bodily injury liability insurance policy or
5 with respect to the proof of financial responsibility or self-insurance are less than
6 ~~the amount needed to fully compensate the insured for his or her damages limits of~~
7 ~~the insured's underinsured motorist coverage.~~

8 **SECTION 16.** 632.32 (2) (g) (intro.) of the statutes is amended to read:

9 632.32 (2) (g) (intro.) "Uninsured motor vehicle" means a motor vehicle, other
10 than a motor vehicle owned by a governmental unit, that is involved in an accident
11 with a person who has uninsured motorist coverage and with respect to which, at the
12 time of the accident, a bodily injury liability insurance policy is not in effect and the
13 owner or operator has not furnished proof of financial responsibility for the future
14 under subch. III of ch. 344 and is not a self-insurer under any other applicable motor
15 vehicle law. "Uninsured motor vehicle" also includes any of the following motor
16 vehicles, other than a motor vehicle owned by a governmental unit, involved in an
17 accident with a person who has uninsured motorist coverage:

18 **SECTION 17.** 632.32 (2) (g) 2. of the statutes is repealed and recreated to read:

19 632.32 (2) (g) 2. A phantom motor vehicle, if all of the following apply:

20 a. The facts of the accident are corroborated by competent evidence that is
21 provided by someone other than the insured or any other person who makes a claim
22 against the uninsured motorist coverage as a result of the accident.

23 b. Within 72 hours after the accident, the insured or someone on behalf of the
24 insured reports the accident to a police, peace, or judicial officer or to the department

may be reduced
07-08: 632.32(1) why change?

632.32(1)

07-08

SENATE BILL 7

SECTION 17

1 of transportation or, if the accident occurs outside of Wisconsin, the equivalent
2 agency in the state where the accident occurs.

3 c. Within 30 days after the accident occurs, the insured or someone on behalf
4 of the insured files with the insurer a statement under oath that the insured or a legal
5 representative of the insured has a cause of action arising out of the accident for
6 damages against a person whose identity is not ascertainable and setting forth the
7 facts in support of the statement.

8 **SECTION 18.** 632.32 (4) (a) 1. of the statutes is amended to read:

9 632.32 (4) (a) 1. Excluding a policy written by a town mutual organized under
10 ch. 612, uninsured motorist coverage, in limits of at least ~~\$100,000~~ \$25,000 per
11 person and ~~\$300,000~~ \$50,000 per accident.

12 **SECTION 19.** 632.32 (4) (a) 2m. of the statutes is amended to read:

13 632.32 (4) (a) 2m. Excluding a policy written by a town mutual organized under
14 ch. 612, underinsured motorist coverage, in limits of at least ~~\$100,000~~ \$50,000 per
15 person and ~~\$300,000~~ \$100,000 per accident.

16 **SECTION 20.** 632.32 (4) (a) 3m. of the statutes is amended to read:

17 632.32 (4) (a) 3m. Medical payments coverage, in the amount of at least ~~\$10,000~~
18 \$1,000 per person. Coverage written under this subdivision may be excess coverage
19 over any other source of reimbursement to which the insured person has a legal right.

20 **SECTION 21.** 632.32 (4) (d) of the statutes is amended to read:

21 632.32 (4) (d) This subsection does not apply to commercial liability policies or
22 umbrella or excess liability policies, ~~which are subject to sub. (4r).~~

23 **SECTION 22.** 632.32 (4r) of the statutes is repealed.

24 **SECTION 23.** 632.32 (6) (d) of the statutes is renumbered 632.32 (5) (f) and
25 amended to read:

SENATE BILL 7

1 632.32 (5) (f) ~~No A~~ policy may provide that, regardless of the number of policies
2 involved, vehicles involved, persons covered, claims made, vehicles or premiums
3 shown on the policy, or premiums paid, the limits for any ~~uninsured motorist~~
4 ~~coverage or underinsured motorist coverage~~ under the policy may not be added to the
5 limits for similar coverage applying to other motor vehicles to determine the limit of
6 insurance coverage available for bodily injury or death suffered by a person in any
7 one accident, ~~except that a policy may limit the number of motor vehicles for which~~
8 ~~the limits for coverage may be added to 3 vehicles.~~

9 **SECTION 24.** 632.32 (6) (e) of the statutes is renumbered 632.32 (5) (g) and
10 amended to read:

11 632.32 (5) (g) ~~No A~~ policy may provide that the maximum amount of uninsured
12 motorist coverage ~~or, underinsured motorist coverage, or medical payments coverage~~
13 available for bodily injury or death suffered by a person who was not using a motor
14 vehicle at the time of an accident is ~~any~~ the highest single limit of uninsured motorist
15 coverage ~~or, underinsured motorist coverage, or medical payments coverage,~~
16 whichever is applicable, for any motor vehicle with respect to which the person is
17 insured, ~~except that a policy may limit the number of motor vehicles for which~~
18 ~~coverage limits may be added to 3 vehicles.~~

19 **SECTION 25.** 632.32 (6) (f) of the statutes is repealed.

20 **SECTION 26.** 632.32 (6) (g) of the statutes is renumbered 632.32 (5) (i), and
21 632.32 (5) (i) (intro.), as renumbered, is amended to read:

22 632.32 (5) (i) (intro.) ~~No A~~ policy may provide that the limits under the policy
23 for uninsured motorist coverage or underinsured motorist coverage for bodily injury
24 or death resulting from any one accident shall be reduced by any of the following that
25 apply:

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SENATE BILL 7

SECTION 27. 632.355 of the statutes is repealed.

SECTION 28. Initial applicability.

(1) LIMITS AND MISCELLANEOUS CHANGES. The treatment of sections 121.555 (2) (a), 344.01 (2) (am) and (d), 344.11, 344.15 (1) (intro.), (a), and (b), 344.55 (1) (intro.), 631.43 (3), and 632.32 (2) (ac), (bh), (e) 3., and (g) (intro.) and 2., (4) (a) 1., 2m., and 3m. and (d), (4r), and (6) (d), (e), (f), and (g) of the statutes, the renumbering and amendment of section 344.33 (2) of the statutes, and the creation of section 344.33 (2) (a), (b), and (c) of the statutes first apply to motor vehicle insurance policies that are newly issued or renewed on the effective date of this subsection.

(2) **HIGH-RISK CATEGORY.** The treatment of section 632.355 of the statutes first applies to motor vehicle insurance policies that are newly issued on the effective date of this subsection.

SECTION 29. Effective date.

(1) This act takes effect on the first day of the 7th month beginning after publication.

(END)

TOO FAST?

No evidence

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State of Wisconsin
2011 - 2012 LEGISLATURE



LRBa0256/1
PJK:kjf:jf

From:
Sen. Carpenter

OWI

SENATE AMENDMENT ,
TO 2011 SENATE BILL 7

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 8, line 5: after that line insert:

3 "SECTION 11m. 344.61 (2) (c) of the statutes is amended to read:

4 344.61 (2) (c) The policy satisfies, as of the date of motor vehicle operation, all
5 requirements specified in s. 344.33 (2) and (3) except that, if on or after the effective
6 date of this paragraph [LRB inserts date], the named insured under the policy is
7 convicted of an offense that is counted under s. 343.307 (1), the policy provides
8 liability coverage with liability limits, exclusive of interest and costs, of not less than
9 \$50,000 because of bodily injury to or death of one person in any one accident and,
10 subject to such limit for one person, \$100,000 because of bodily injury to or death of
11 2 or more persons in any one accident, and \$15,000 because of injury to or destruction
12 of property of others in any one accident."

13 **2.** Page 10, line 8: delete lines 8 to 19 and substitute:

1 **"SECTION 18c.** 632.32 (4) (a) 1. of the statutes is renumbered 632.32 (4) (a) 1.
2 (intro.) and amended to read:

3 632.32 **(4)** (a) 1. (intro.) Excluding a policy written by a town mutual organized
4 under ch. 612, uninsured motorist coverage, in limits of at least either of the
5 following:

6 b. If, on or after the effective date of this subd. 1. b. [LRB inserts date], a
7 named insured under the policy is convicted of an offense that is counted under s.
8 343.307 (1), \$100,000 per person and \$300,000 per accident.

9 **SECTION 18m.** 632.32 (4) (a) 1. a. of the statutes is created to read:

10 632.32 **(4)** (a) 1. a. Except as provided in subd. 1. b., \$25,000 per person and
11 \$50,000 per accident.

12 **SECTION 19c.** 632.32 (4) (a) 2m. of the statutes is renumbered 632.32 (4) (a) 2m.
13 (intro.) and amended to read:

14 632.32 **(4)** (a) 2m. (intro.) Excluding a policy written by a town mutual
15 organized under ch. 612, underinsured motorist coverage, in limits of at least either
16 of the following:

17 b. If, on or after the effective date of this subd. 2m. b. [LRB inserts date], a
18 named insured under the policy is convicted of an offense that is counted under s.
19 343.307 (1), \$100,000 per person and \$300,000 per accident.

20 **SECTION 19m.** 632.32 (4) (a) 2m. a. of the statutes is created to read:

21 632.32 **(4)** (a) 2m. a. Except as provided in subd. 2m. b., \$50,000 per person and
22 \$100,000 per accident.

23 **SECTION 20m.** 632.32 (4) (a) 3m. of the statutes is amended to read:

24 632.32 **(4)** (a) 3m. Medical payments coverage, in the amount of at least \$1,000
25 per person or, if on or after the effective date of this subdivision a named insured

1 under the policy is convicted of an offense that is counted under s. 343.307 (1), at least
2 \$10,000 per person. Coverage written under this subdivision may be excess coverage
3 over any other source of reimbursement to which the insured person has a legal
4 right.”.

5 **3.** Page 12, line 5: delete “1., 2m., and”.

6 **4.** Page 12, line 7: delete “section 344.33 (2) of the statutes, and the creation
7 of section” and substitute “sections 344.33 (2) and 632.32 (4) (a) 1. and 2m. of the
8 statutes, and the creation of sections”.

9 **5.** Page 12, line 8: after “(c)” insert “and 632.32 (4) (a) 1. a. and 2m. a.”.

10 (END)





State of Wisconsin
2011 - 2012 LEGISLATURE



LRBa0257/1
PJK&ARG:cjs:rs

From:
Sen. Carpenter

SENATE AMENDMENT ,
TO 2011 SENATE BILL 7

CPI index
Minimum Requirements
go hand in hand

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 5, line 1: delete the material beginning with that line and ending with
3 page 8, line 5, and substitute:

4 "SECTION 3a. 344.01 (2) (am) (intro.) and 1. of the statutes are amended to read:

5 344.01 (2) (am) (intro.) "Minimum liability limits" means, with respect to a
6 motor vehicle policy of liability insurance, liability limits, ~~exclusive of interest and~~
7 ~~costs~~, in the following amounts:

8 1. Before January 1, ~~2010~~ 2017, \$25,000 because of bodily injury to or death of
9 one person in any one accident and, subject to such limit for one person, \$50,000
10 because of bodily injury to or death of 2 or more persons in any one accident, and
11 \$10,000 because of injury to or destruction of property of others in any one accident.

12 SECTION 3b. 344.01 (2) (am) 2. of the statutes is repealed."

13 **2.** Page 10, line 7: after that line insert:

“SECTION 17s. 632.32 (4) (a) (intro.) of the statutes is amended to read:

632.32 **(4)** (a) (intro.) Except as provided in par. (d) and subject to par. (e), every policy of insurance subject to this section that insures with respect to any owned motor vehicle registered or principally garaged in this state against loss resulting from liability imposed by law for bodily injury or death suffered by any person arising out of the ownership, maintenance, or use of a motor vehicle shall contain therein or supplemental thereto provisions for all of the following coverages:".

3. Page 10, line 22: after that line insert:

“SECTION 21m. 632.32 (4) (e) of the statutes is created to read:

632.32 **(4)** (e) 1. In this paragraph, “consumer price index” means the average of the consumer price index over each 12-month period, all items, U.S. city average, as determined by the bureau of labor statistics of the U.S. department of labor.

2. Annually, beginning in July 2012, the commissioner shall adjust the dollar amounts required under par. (a) 1., 2m., and 3m. by the annual change in the consumer price index and publish the adjusted figures in the Wisconsin Administrative Register.”.

4. Page 12, line 3: delete the material beginning with “121.555” and ending with “344.55 (1) (intro.),” on line 4 and substitute “344.01 (2) (am) (intro.), 1., and 2.,”.

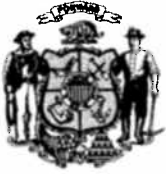
5. Page 12, line 5: after “(4) (a)” insert “(intro.),”.

6. Page 12, line 6: delete “3m. and (d)” and substitute “3m., (d), and (e)”.

7. Page 12, line 6: delete the material beginning with “statutes,” and ending with “apply” on line 8 and substitute “statutes first applies”.

(END)





State of Wisconsin
2011 - 2012 LEGISLATURE



LRBa0256/1
PJK:kjf:jf

Computer

SENATE AMENDMENT ,
TO 2011 SENATE BILL 7

*Maintain the current minimum
coverage after a conviction of
OUI. Occurs after
SB7 enactment*

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 8, line 5: after that line insert:

3 "SECTION 11m. 344.61 (2) (c) of the statutes is amended to read:

4 344.61 (2) (c) The policy satisfies, as of the date of motor vehicle operation, all
5 requirements specified in s. 344.33 (2) and (3) except that, if on or after the effective
6 date of this paragraph [LRB inserts date], the named insured under the policy is
7 convicted of an offense that is counted under s. 343.307 (1), the policy provides
8 liability coverage with liability limits, exclusive of interest and costs, of not less than
9 \$50,000 because of bodily injury to or death of one person in any one accident and,
10 subject to such limit for one person, \$100,000 because of bodily injury to or death of
11 2 or more persons in any one accident, and \$15,000 because of injury to or destruction
12 of property of others in any one accident."

13 **2.** Page 10, line 8: delete lines 8 to 19 and substitute:

1 **"SECTION 18c.** 632.32 (4) (a) 1. of the statutes is renumbered 632.32 (4) (a) 1.
2 (intro.) and amended to read:

3 632.32 **(4)** (a) 1. (intro.) Excluding a policy written by a town mutual organized
4 under ch. 612, uninsured motorist coverage, in limits of at least either of the
5 following:

6 b. If, on or after the effective date of this subd. 1. b. [LRB inserts date], a
7 named insured under the policy is convicted of an offense that is counted under s.
8 343.307 (1), \$100,000 per person and \$300,000 per accident.

9 **SECTION 18m.** 632.32 (4) (a) 1. a. of the statutes is created to read:

10 632.32 **(4)** (a) 1. a. Except as provided in subd. 1. b., \$25,000 per person and
11 \$50,000 per accident.

12 **SECTION 19c.** 632.32 (4) (a) 2m. of the statutes is renumbered 632.32 (4) (a) 2m.
13 (intro.) and amended to read:

14 632.32 **(4)** (a) 2m. (intro.) Excluding a policy written by a town mutual
15 organized under ch. 612, underinsured motorist coverage, in limits of at least either
16 of the following:

17 b. If, on or after the effective date of this subd. 2m. b. [LRB inserts date], a
18 named insured under the policy is convicted of an offense that is counted under s.
19 343.307 (1), \$100,000 per person and \$300,000 per accident.

20 **SECTION 19m.** 632.32 (4) (a) 2m. a. of the statutes is created to read:

21 632.32 **(4)** (a) 2m. a. Except as provided in subd. 2m. b., \$50,000 per person and
22 \$100,000 per accident.

23 **SECTION 20m.** 632.32 (4) (a) 3m. of the statutes is amended to read:

24 632.32 **(4)** (a) 3m. Medical payments coverage, in the amount of at least \$1,000
25 per person or, if on or after the effective date of this subdivision a named insured

1 under the policy is convicted of an offense that is counted under s. 343.307 (1), at least
2 \$10,000 per person. Coverage written under this subdivision may be excess coverage
3 over any other source of reimbursement to which the insured person has a legal
4 right.”.

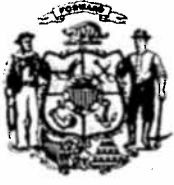
5 **3.** Page 12, line 5: delete “1., 2m., and”.

6 **4.** Page 12, line 7: delete “section 344.33 (2) of the statutes, and the creation
7 of section” and substitute “sections 344.33 (2) and 632.32 (4) (a) 1. and 2m. of the
8 statutes, and the creation of sections”.

9 **5.** Page 12, line 8: after “(c)” insert “and 632.32 (4) (a) 1. a. and 2m. a.”.

10 (END)





State of Wisconsin
2011 - 2012 LEGISLATURE



LRBa0497/1
PJKjld:md

SENATE AMENDMENT, 5
TO 2011 SENATE BILL 7

2-8-2011

Carpenter, Taylor, Larson and
Hansen.

Prohibit
higher ratings
for first time
drivers

1 At the locations indicated, amend the bill as follows:

2 1. Page 12, line 1: delete that line.

3 2. Page 12, line 10: delete lines 10 to 12.

4 (END)



Senate Bill 7... relating to: automobile insurance coverage limits, permissible policy provisions, and proof of financial responsibility.

**BILL
SPONSORS**

Authored by Senators Lasee, Lazich, Taylor, Schultz, Darling, Hopper, Wanggaard, Galloway, Kapanke, Leibham, Grothman, Harsdorf, Kedzie, Vinehout and Moulton
Coauthored by Nygren, Petersen, Steineke, Klenke, Knilans, Krug, Petryk, Rivard, Endsley, Tranel, Marklein, Severson, Wynn, Bernier, Tiffany, Jacque, Weininger, Knudson, T. Larson, Kooyenga, Farrow, Kuglitsch, Litjens, August, Kapenga, Thiesfeldt, Williams, Honadel, Ripp, Nerison, J. Fitzgerald, Kramer, Suder, Vos, Knodl, Ballweg, Mursau, Murtha, Kestell, Meyer, Petrowski, Tauchen, Brooks, A. Ott, Bies, Van Roy, Kaufert, Stone, Kerkman, LeMahieu, Strachota, Kleefisch, Nass, Spanbauer, Pridemore, Ziegelbauer and Fields.

BILL HISTORY

Senate Bill 7 was introduced and referred to the Senate Committee on Insurance and Housing on January 14, 2011. A joint public hearing with the Assembly Committee on Insurance was held on January 19, 2011 and executive action took place on February 2, 2011.

The committee offered and adopted **Senate Amendment 1** which mirrors Assembly Amendment 1 to Assembly Bill 4. Senate Amendment 1 returns the treatment of underinsured motorist coverage limits to the status of that law prior to being revised by 2009 Wisconsin Act 28, including the following provisions:

- *Underinsured motorist coverage is not required in an insurance policy.
- * If underinsured motorist coverage is not included in the policy, a written notice of its availability must be provided to the insured. The notice is required only one time, in conjunction with the delivery of the policy.
- * Rejection or acceptance of the underinsured motorist coverage does not need to be in writing. No premiums paid for underinsured motorist coverage is proof of rejection of the coverage.
- *If an insured does accept underinsured motorist coverage, the coverage limits must be at least \$50,000 per person and \$100,000 per accident.

Introduction of Senate Amendment 1.

Ayes, 6 - Senators Lasee, Schultz, Olsen, Wanggaard, S. Coggs and C. Larson.
Noes, 0 - None. Absent, 1 - Senator Carpenter

Adoption of Senate Amendment 1.

Ayes, 5 - Senators Lasee, Schultz, Olsen, Wanggaard and C. Larson.
Noes, 1 - Senator S. Coggs. Absent, 1 - Senator Carpenter

The committee offered and adopted **Senate Amendment 2** which mirrors Assembly Amendment 7 to Assembly Bill 4. **Senate Amendment 2** returns the definition of underinsured motorist coverage to the status of that law prior to being revised by 2009 Wisconsin Act 28. The amendment leaves that term undefined in the statutes, to be defined by each individual insurance policy, as it was prior to 2009 Wisconsin Act 28.

Introduction of Senate Amendment 2.

Ayes, 6 - Senators Lasee, Schultz, Olsen, Wanggaard, S. Coggs and C. Larson.
Noes, 0 - None. Absent, 1 - Senator Carpenter

Adoption of Senate Amendment 2.

Ayes, 4 - Senators Lasee, Schultz, Olsen and Wanggaard.
Noes, 2 - Senators S. Coggs and C. Larson. Absent, 1 - Senator Carpenter

	<p>On February 2, 2011 The Committee on Insurance and Housing recommended Passage of SB7 as amended.</p> <p>Ayes, 4 - Senators Lasee, Schultz, Olsen and Wanggaard. Noes, 2 - Senators S. Coggs and C. Larson. Absent, 1 – Senator Carpenter</p>
<p>COMPANION BILL HISTORY</p>	<p>Introduced by Representatives Nygren, Petersen, Steineke, Klenke, Knilans, Krug, Petryk, Rivard, Endsley, Tranel, Marklein, Severson, Wynn, Bernier, Tiffany, Jacque, Weininger, Knudson, T. Larson, Kooyenga, Farrow, Kuglitsch, Litjens, August, Kapenga, Thiesfeldt, Williams, Honadel, Ripp, Nerison, J. Fitzgerald, Kramer, Suder, Vos, Knodl, Ballweg, Mursau, Murtha, Kestell, Meyer, Petrowski, Tauchen, Brooks, A. Ott, J. Ott, Bies, Van Roy, Kaufert, Stone, Kerkman, LeMahieu, Strachota, Kleefisch, Nass, Spanbauer, Pridemore, Ziegelbauer and Fields; cosponsored by Senators Lasee, Lazich, Taylor, Darling, Hopper, Wanggaard, Galloway, Kapanke, Leibham, Harsdorf, Kedzie and Vinehout.</p> <p>Assembly Bill 4 was introduced and referred to the Assembly Committee on Insurance on January 14, 2011. A joint public hearing with the Senate Committee on Insurance and Housing was held on January 19, 2011 and executive action took place on January 27, 2011. Assembly Amendment 1 & 7 were introduced and adopted. On February 2nd, 2011, The Assembly Adopted Amendments 1 & 7, but a third reading of Assembly Bill 4 was refused.</p>
<p>LRB ANALYSIS</p>	<p>Under former law, prior to 2009 Wisconsin Act 28 (the biennial budget act), motor vehicles operated in this state were not required to be covered by policies of bodily injury and property damage liability insurance, but owners and operators of motor vehicles involved in accidents were subject to certain financial responsibility requirements. The biennial budget act retained and modified these financial responsibility requirements following a motor vehicle accident while also requiring insurance coverage for motor vehicles operated in this state.</p> <p>Under current law, if a motor vehicle accident results in injury, death, or property damage of \$1,000 or more, the Department of Transportation (DOT) is required to notify the operator and owner of the vehicle involved in the accident that the person must deposit with DOT security for the accident in an amount specified by DOT, which DOT has determined is sufficient to satisfy any judgment for damages resulting from the accident. Unless an exception applies, if a person fails to timely deposit security after this notice, DOT must suspend the person's operating privilege if the person was the vehicle operator and suspend all vehicle registrations of the person if the person was the vehicle owner. One of the exceptions is that the person provides proof of financial responsibility. In addition, if DOT receives a certified copy of a judgment for damages of \$500 or more arising out of a motor vehicle accident, DOT must immediately suspend the operating privilege and all registrations of the person against whom the judgment was rendered unless the person can provide proof of financial responsibility. In both situations, proof of financial responsibility includes coverage under a motor vehicle liability insurance policy with the following minimum limits, exclusive of interest and costs, for any single accident:</p> <ol style="list-style-type: none"> 1. Before January 1, 2010, \$25,000 for bodily injury to or death of one person, \$50,000 for bodily injury to or death of more than one person, and \$10,000 for property damage. 2. From January 1, 2010, to December 31, 2016, \$50,000 for bodily injury to or death of one person, \$100,000 for bodily injury to or death of more than one person, and \$15,000 for property damage. 3. After December 31, 2016, the limits specified in item 2., above, adjusted for

inflation and published by DOT.

This bill decreases the minimum limits required under a policy that is acceptable proof of financial responsibility to \$25,000 for bodily injury to or death of one person, \$50,000 for bodily injury to or death of more than one person, and \$10,000

for property damage. The bill also eliminates inflation adjustments for these limits and eliminates statutory language that these limits are determined exclusive of interest and costs.

This bill does not eliminate the provisions of the biennial budget act that, as of June 1, 2010, prohibit a person from operating a motor vehicle in this state unless the owner or operator has a motor vehicle liability insurance policy in effect with respect to the motor vehicle. However, the bill affects these provisions by reducing the required coverage from the minimum limits specified in items 1. to 3., above, to \$25,000 for bodily injury to or death of one person, \$50,000 for bodily injury to or death of more than one person, and \$10,000 for property damage.

Uninsured motorist and medical payments coverages

Before the biennial budget act, all motor vehicle liability insurance policies were required to include uninsured motorist coverage in limits of at least \$25,000 per person and \$50,000 per accident and medical payments coverage in the amount of at least \$1,000 per person, although an insured could reject medical payments coverage. Uninsured motorist coverage provides coverage for persons who are legally entitled to recover damages for bodily injury from owners or operators of motor vehicles that are not insured. Medical payments coverage pays for medical or chiropractic services provided to persons who are injured while using the insured motor vehicle. Starting on November 1, 2009, as a result of provisions in the biennial budget act, the minimum limits for uninsured motorist coverage that motor vehicle liability insurance policies must include, except for those written by town mutuals, is \$100,000 per person and \$300,000 per accident and the minimum limits for medical payments coverage that those policies must include is \$10,000. This bill changes the required minimum limits back to \$25,000 per person and \$50,000 per accident for uninsured motorist coverage and back to \$1,000 per person for medical payments coverage.

Underinsured motorist coverage

Before the biennial budget act, motor vehicle liability insurance policies did not have to include underinsured motorist coverage but insurers were required to provide written notice of the availability of that coverage and, if an insured accepted underinsured motorist coverage after receiving notice of its availability, the policy had to include the coverage in limits of at least \$50,000 per person and \$100,000 per accident. Underinsured motorist coverage provides coverage for persons who are legally entitled to recover damages for bodily injury from owners or operators of underinsured motor vehicles. "Underinsured motor vehicle" was not defined in the statutes.

The biennial budget act eliminated the requirement to provide notice of the availability of underinsured motorist coverage and required, starting on November 1, 2009, every motor vehicle liability insurance policy, except for those written by town mutuals, to include that coverage in limits of at least \$100,000 per person and \$300,000 per accident. In addition, current law now defines an underinsured motor vehicle as a motor vehicle that is involved in an accident with an insured and which, at the time of the accident, was covered by a motor vehicle liability insurance policy with liability limits that are less than the amount needed to fully compensate the insured for his or her damages. The bill retains the requirement that underinsured motorist coverage be provided in every motor vehicle liability insurance policy,

except for those written by town mutuals, and reduces the minimum required limits to \$50,000 per person and \$100,000 per accident. Also, the bill modifies the definition of an underinsured motor vehicle to one with liability limits that are lower than the limits of the insured's underinsured motorist coverage. The effect of this change is that, regardless of the extent of the insured's damages, there is no coverage under the insured's underinsured motorist coverage if the other vehicle involved in the accident has liability limits at least as great as the limits of the insured's underinsured motorist coverage.

Umbrella and excess liability insurance policies

Current law, as a result of provisions in the biennial budget act, requires an insurer, except for a town mutual, that writes umbrella or excess liability policies that cover motor vehicle liability to make a written offer of both uninsured motorist coverage and underinsured motorist coverage whenever application is made for such an umbrella or excess liability policy. An applicant or insured may reject the coverage, but must do so in writing. If an insurer fails to provide a required written offer of uninsured or underinsured motorist coverage and the umbrella or excess liability policy does not include the coverage, or coverages, for which an offer was not given, a court must, on the request of the insured, reform the policy to include the coverage or coverages with the same limits as the liability coverage limits under the policy. Current law also excludes umbrella and excess liability policies from the statutory requirements related to the types of coverage that must be provided in a policy that covers motor vehicles and the minimum limits required for those types of coverage (coverage and limits requirements).

The bill restores former law by eliminating the requirement that an insurer writing an umbrella or excess liability policy must make a written offer of uninsured motorist coverage and underinsured motorist coverage and the requirement that a court must reform such a policy to include either coverage. However, the bill retains the current law provision that umbrella and excess liability policies are not subject to the coverage and limits requirements. In addition, the bill also excludes commercial liability policies from the coverage and limits requirements and defines those policies as ones that are intended principally to provide primary coverage for an insured's general liability arising out of its business or other commercial activities but that include coverage for the insured's liability arising out of the ownership, maintenance, or use of a motor vehicle as one component of the policy.

Miscellaneous motor vehicle insurance provisions

Current law, as a result of provisions in the biennial budget act, defines an uninsured motor vehicle as including not only an unidentified motor vehicle involved in a hit-and-run accident with an insured but also an unidentified motor vehicle that is simply involved in an accident with the insured, provided that an independent third party provides evidence in support of the unidentified motor vehicle's involvement in the accident. The bill replaces that part of the definition of an uninsured motor vehicle with a "phantom motor vehicle," which is defined as one that is involved in an accident with the insured, that does not make contact with the insured or a vehicle the insured is occupying at the time of the accident, and for which neither the owner nor the operator can be ascertained. Additionally, the facts of the accident must be corroborated by competent evidence provided by someone other than the insured or any other person who makes an underinsured motorist claim as a result of the accident, the accident must be reported to the police or other authorities within 72 hours, and the insured or his or her legal representative must, within 30 days, file with the insurer a statement under oath that the insured has a cause of action for damages against a person whose identity cannot be ascertained and that sets forth the facts supporting the statement. The bill also excludes a motor

vehicle that is owned by a governmental unit from the definition of an uninsured motor vehicle.

Current law, as a result of provisions in the biennial budget act, makes a number of formerly permissible provisions prohibited in a motor vehicle liability insurance policy. The bill restores former law, making the following provisions permissible in a motor vehicle liability insurance policy:

1. Providing that, regardless of the number of policies, persons, or vehicles involved, the limits for any coverage under the policy may not be added to the limits for similar coverage applying to other motor vehicles to determine an overall limit of coverage available for a person in any one accident.
2. Providing that the maximum amount of uninsured or underinsured motorist coverage available for bodily injury or death suffered by a person not using a motor vehicle in an accident (such as a pedestrian) is the highest single limit of uninsured or underinsured motorist coverage for any vehicle with respect to which the person is insured at the time of the accident.
3. Providing that the maximum amount of medical payments coverage available for bodily injury or death suffered by a person not using a motor vehicle in an accident is the highest single limit of medical payments coverage for any vehicle with respect to which the person is insured at the time of the accident.
4. Providing that the limits under the policy for uninsured or underinsured motorist coverage for bodily injury or death resulting from an accident shall be reduced by amounts paid or payable by or on behalf of a person or organization that is legally responsible for the bodily injury or death; amounts paid or payable under any worker's compensation law; or amounts paid or payable under any disability benefits laws.

Current law provides that an insurer may not place an applicant for motor vehicle insurance in a high-risk category on the basis that the applicant has not previously had motor vehicle insurance. The bill removes this prohibition.

FISCAL EFFECT

There was no Fiscal Analysis done for SB7

SUPPORT

The following persons appeared in favor of this bill:

1. Charles Stern — Wisconsin Mutual Insurance Co.
2. Rollin Krafft — West Bend Mutual Ins.
3. Tom Ellefson — American Family Ins.
4. Robert Passmore — Property Casualty Insurers Association of America
5. David Dunker — Independent Ins. Agents of WI
6. John Wickhem — Independent Ins. Agents of WI
7. Michael Froh — Burkart-Heisdorf/Independent Ins. Agents of WI
8. Misha Lee — Sentry Insurance
9. Jefferson Senior — Sentry Insurance
10. Andy Franken — Wisconsin Insurance Alliance

The following persons registered in favor of this bill:

1. Ron VonHaden — Self/Professional Insurance Agents of Wisc.
2. Dexter Sattler — Self/PIA
3. Bill Smith — NFIB/Wis
4. Alan Breitenfeldt — Self/PIAA of Wis
5. Bart Straka — Self/PIA

6. Lena Taylor — Senator, 4th Senate District
7. Robin Vos — Representative, 63rd Assembly District
8. Tracy Oestreich — Self/PIAW
9. Mary Czaja — Self/PIAW
10. Gordon Miller — Self/PIAAW
11. Jeff Glass — PIAAW
12. Erik Anderson — Self/PIAAW
13. Patrick MacGillis — Self/PIAW
14. Dennis Kuhnke — Self/PIAW
15. Michael Moore — Self/PIAW
16. Brad Steinbach — Self/PIAW
17. Donald Schultz — American Family Insurance
18. Brian Mitchell — Wisconsin Car Rental Alliance
19. Mark Wadjum — Outagamie County
20. Amy Boyer — Enterprise Rent A Car
21. Monica Batiza — American Family Insurance
- David Callender — Wisconsin Counties Association

OPPOSITION

The Following persons appeared in opposition of this bill:

1. Robert Kraig — Citizen Action Wisconsin
2. David Dwyer — ABATE of Wisconsin
3. Dan Plumb — Self/Carroll Plumb
4. Jason Abraham — Hupey/Abraham
5. Valerix Khomenkov — Self
6. Eric Knobloch — Valerix Khomenkov
7. Michael Hupy — Hupy/Abraham
8. Ann Jacobs — Wisc. Assoc. for Justice
9. Ed Vopal — Wisc. Assoc. for Justice
10. Lynn LanFenberg — Wisc. Assoc. for Justice
11. David Charlebois — ABATE of Wisconsin

The Following persons registered in opposition to this bill:

1. Anthony Sanfelipo — ABATE of Wisconsin
2. Paul Vita — ABATE of Wisconsin

NEUTRAL

The following organization(s) appeared or registered for information only: none

The following organization(s) registered their intention to lobby with the State Ethics Board but did not take a position on the bill: none

REPUBLICAN MESSAGE

In the current economic climate, the last thing the people of Wisconsin need is an increase in their cost of living. The Democrats created the highest minimum levels of insurance in the country in last year's budget. This bill returns Wisconsin insurance regulations to prior law. The minimum levels of insurance in this bill cover 96% of all claims. This bill allows for choice and affordability on behalf of consumers and returns Wisconsin to the laws that lead to the 3rd lowest auto insurance premiums in the country.

OPPOSITION

Insurance companies did not increase rates to consumers. They will not lower rates when this is enacted. Insurance companies have unfair level of profit and some of the provisions of the bill reduce insurance coverage available to injured victims.

MESSAGE	Therefore, government health programs will have to pick up the costs of these injured parties.
CONTACT	Jon Kruse, Senator Lasee's office, 266-3512
DATE	February 7, 2011